



U. S. ENERGY CORP.

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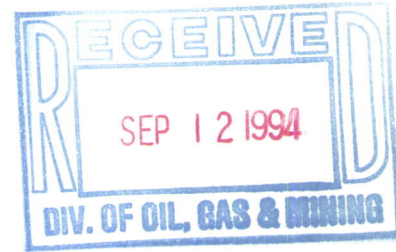
PHONE (307) 856-9271

RIVERTON, WYOMING 82501

M/037/040

CERTIFIED RETURN RECEIPT REQUESTED

September 9, 1994



Mr. Tony Gallegos
Utah Dept. of Natural Resources
Division of Oil, Gas & Minerals
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, UT 84180-1203

Re: Velvet Uranium Mine.

Dear Mr. Gallegos:

U.S. Energy Corp. is acquiring the Velvet Uranium Mine in San Juan County Utah and are submitting herewith the reclamation contract and Surety Bond to the division for approval.

Enclosed are original copies of the "Transfer of Notice of Intention, Large Mining Operations" and "Reclamation Contract" form MR-RC.

Please call if you need any additional information.

Yours truly,

Kenneth Webber
Manager of Lands

KW/ms